



**Director of
Central
Intelligence**

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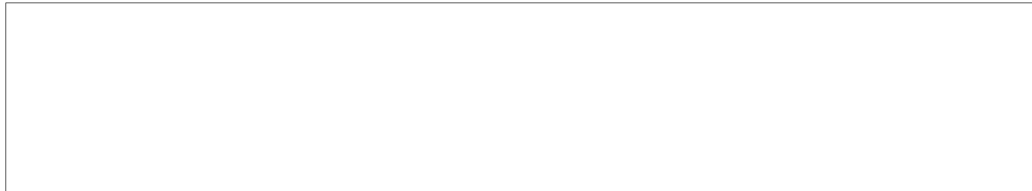
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SITUATION REPORT

IRAN

ILLEGIB

Iranian moderates are pushing for a solution to the hostage crisis, but their prospects are poor.

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President Bani-Sadr, former Foreign Minister Ghotbzadeh, and other moderates have recently urged the Islamic Assembly not to place the hostages on trial. Bani-Sadr has warned that trials could prompt US intervention.

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The Foreign Affairs Committee of the Assembly is debating a response to the US Congressional appeal for the hostages' release. We expect the response will renew Iranian demands for the return of the Shah's wealth without making any commitment to release the hostages. The hardline clerics almost certainly hope to make use of the Congressional appeal to encourage the US to make concessions in return for vague promises of "preparing the ground" for future negotiations.

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The hardliners continue to dominate the Assembly.

Cabinet Wrangling

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The Assembly has postponed debate on Prime Minister Rajai's cabinet nominations because Bani-Sadr still

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PRIME MINISTER RAJAI'S PROPOSED CABINET

<u>POST</u>	<u>NAME</u>	<u>COMMENT</u>
Foreign Affairs	Hossein Moussavi	Editor of IRP newspaper, 39, member IRP Control Committee
Interior	Mohammad Mahdavi-Kani	Holdover. Member of the Revolutionary Council and the Council of Guardians
Defense	None presented	
Economics and Finance	Mohammad Nurbakhsh	US educated
Oil	Asghar Ebrahimi	US educated, 27, Governor General of Ilam Province
Commerce	Reza Sadr Seyyed Asadollah Lajvardi	Holdover, US educated
National Guidance	Abbas Duzdüzani	A Revolutionary Guard official
Energy	Hasan Abbaspur	Holdover, British educated, member IRP Central Committee
State	Seyyed Esmail Davudi	Governor General of Esfahan Province
Health	Dr. Manafi	
Welfare	Mohammad Ali Fayyaz-Bakhsh	
Post, Telegraph, Telephone	Mahmud Qandi	Holdover, US educated
Roads and Transport	Musa Kalantari	Holdover, close to Beheshti
Science	Hossein Arefi	Chancellor of Tehran University, reportedly Khomeini's physician, US educated
Industries	Mohammad Reza Nematzadeh	Holdover, former Minister of Labor and Social Affairs, US educated, IRP member
Education	Mohammad Ali Rajai	Holdover, Prime Minister
Agriculture	Mohammad Salamati	
Labor and Social Affairs	Ahmad Tavakkoli	Former member of Mujahedin
Executive Affairs	Behzad Nabavi	
Housing	Mohammad Shahab Gonabadi	

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refuses to approve Rajai's choices. The President's supporters have threatened to leave the Assembly if Rajai tries to force a ratification vote. Tehran radio reports that the two leaders have agreed on most issues but that some "outstanding issues" remain.

Bani-Sadr probably can prolong the delay for some time, but Rajai and his fundamentalist supporters are certain to prevail in the end. If the Assembly ratifies the cabinet and Bani-Sadr refuses to approve them, Beheshti as head of the Supreme Court could call for Bani-Sadr's impeachment.

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Action Against Tudeh

Tehran appears to be cracking down on the pro-Soviet Tudeh Party. Iranian authorities recently banned Tudeh Party operations in Abadan and Khorramshahr, closed one of its publishing offices in Tehran, and threatened to prosecute the party's leaders and ban its newspaper. These moves follow attacks on the Tudeh offices in Tehran and other cities by Muslim fundamentalists.

Although the Tudeh Party has backed Ayatollah Khomeini on all key issues, fundamentalists have been urging a crackdown as part of the general campaign against the left.

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The Tudeh has been relatively free to operate for the past 18 months and has been working hard to set up a clandestine apparatus in the military and key government ministries. If the regime proceeds with a full-scale attack on the Tudeh, party leaders probably will go into hiding and try to form a broad national front with other leftists. The authorities claim to have discovered documents linking the Tudeh to the independent Marxist Fedayeen group in Tehran that has been a main target of the regime's crackdown. Rumors are circulating in Tehran of contacts between Tudeh and the largest leftist group, the Mujahedin.

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SOUTH KOREA: New Cabinet

President Chun Doo Hwan has reduced military representation in his new cabinet, but the country is still under martial law and Chun almost certainly will continue to rely on his military colleagues for advice on key policy issues.

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Chun dropped three of the five former generals in the cabinet, but he has retained seven of his trusted key ministers, including those for justice, defense, and education. The sensitive home ministry portfolio--which is responsible for the national police and for election management--has been given to a former vice director of the Korean CIA. The latter's appointment and the retention of other hardliners make clear that Chun will continue to suppress dissent vigorously.

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Chun is not likely to lift martial law until he has had a chance to gauge campus reaction to his new government, perhaps not until the elections tentatively set for next spring. He might, however, gradually dissolve the junta-like Special Committee for National Security Measures, integrating its members into other government organs. Like the new mainly civilian cabinet, the dissolution of the special committee would--without undercutting Chun's authority--be aimed at allaying fears of a military-dominated government.

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SOUTH AFRICA: Defense Minister's Visit to Mòzambique

South Africa's Defense Minister - designate, General Malan, reportedly is to meet today with Mozambican officials in Maputo, probably to warn Mozambique against giving military aid to the black nationalist African National Congress. Pretoria previously has sent delegations on similar missions to Mozambique, but a visit by an officer of Malan's stature is unprecedented. Mozambique, for its part, is likely to complain about South Africa's support to the National Resistance Movement, which continues guerrilla operations in Sofala and Manica Provinces. Despite their frequent recriminations, the two countries have long sought to avoid military confrontations and to preserve their extensive economic ties.

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ROMANIA: Modest Oil Increase

Romania is working to get a newly discovered oil deposit in the Black Sea into production by the end of 1982. Initial production is expected to be about 12,600 barrels per day. Although this would raise Romanian oil production by only 5 percent, the new oil would provide a needed boost to domestic production, which has been declining since 1976.

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SPECIAL ANALYSIS

USSR - WESTERN EUROPE: Moscow Presses Eurocommunists

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The Polish crisis is putting additional strain on Moscow's troubled relations with independent Communist parties in Western Europe. The strong reaction in the West against the Soviet invasion of Afghanistan and other recent developments have made the Soviets less tolerant of dissent by Western Communists. Moscow is particularly disturbed by the outspoken criticism by the Italian Communist Party of the Afghan invasion and that party's ground-breaking move to reestablish relations with the Chinese Communists. As the November Conference on Security and Cooperation in Europe review session in Madrid approaches with its prospect of intensified Western criticism of the USSR, Moscow will put increasing pressure on Western Communists to demonstrate support for Soviet policies or at least to reduce their criticism.

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The Soviet intervention in Afghanistan provoked strong criticism from West European Communist parties reminiscent of their reaction to the Soviet-led invasion of Czechoslovakia in 1968. Moscow quickly rebuked those who criticized Soviet "assistance" for disregarding the "fundamental difference between the nature and goals of the foreign policy of socialism and that of imperialism." In an extension of the Brezhnev Doctrine, the Soviets demanded the united support of Communist governments and parties in defense of Moscow's foreign policy goals.

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In April, Moscow tapped the French Communist Party-- which alone among the three leading Eurocommunist parties has expressed approval of Soviet actions in Afghanistan-- to host a Conference of European Communist and Workers' Parties. The conference was intended by Moscow to demonstrate the support of "progressive" forces in Europe for Soviet policies, but it was boycotted by a third of the parties invited, most notably by the Italian and Spanish Communist parties.

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Those absent made it clear they were opposed not only to the Afghan invasion and the internal banishment of prominent dissident Andrei Sakharov, but to Moscow's self-serving tactics in convening the conference. The Soviets responded in an authoritative *Pravda* editorial that attacked the absent parties and warned that Communists had only two choices: to support "detente," that is, Moscow, or "anti-detente." "There is no third path for the representatives of the Communist and workers' movement."

Impact of Polish Events

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Moscow has tried to secure solid Western Communist backing for the Soviet position on Poland.

In response to statements by Italian Communist Party leaders supporting the demands of the Polish strikers and advocating reforms in the Polish political system that reflected the Italian Communists' concept of Eurocommunism, a *Pravda* editorial noted that "speeches of this kind . . . can only worsen the atmosphere of vitally important cooperation" between the Italian and Soviet parties.

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The Soviets realize that it was West European Communists' profound disillusionment with Moscow after the 1968 invasion of Czechoslovakia that gave decisive impetus to Eurocommunism.

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The Soviets are well aware that any direct interference in Poland would have a particularly strong impact, coming after their invasion of Afghanistan.

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The Outspoken Italian Party

The largest Communist party in Western Europe, the Italian Communist Party, continues to be Moscow's most vocal Eurocommunist critic and the most troublesome obstacle to Moscow's efforts to unite the West European Communists.

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The evident reinstitution in April of formal party-to-party ties between the Italian and the Chinese Communists particularly annoyed the Soviets. With the rise of an allegedly hostile "US-China axis" in the post-Afghanistan period, Moscow is warning Western Communists that any association with China is inconsistent with true Communism.

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The Spanish Communists have taken an independent stance on such issues as Afghanistan, boycotted the Paris Conference of European Communist Parties, and have seconded Berlinguer's efforts to build an independent coalition of leftist forces in Europe, dubbed "Eurosocialism," which the Soviets deplore. If the Spanish Communist Party should also reestablish relations with the Chinese, it too will come under renewed attack from Moscow.

The Madrid Review Meeting

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The Soviets clearly consider the cooperation of Western Communists important to their efforts to improve

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their image among West Europeans and to ensure that the CSCE review session does not degenerate into a trial of Soviet policies.

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The likelihood of Moscow's securing unanimous West European Communist backing for its positions at the review session--particularly on human rights issues--is extremely remote. Even the French Communist Party has been highly critical of Soviet human rights abuses, and Moscow's jamming of Western radiobroadcasts on Poland adds another contentious issue to the Madrid agenda.

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